

silver, eight-tenths fine.¹ This brought down the ratio between gold and the silver coin to about 22 to 1, or within the limits of the ratio of British India and Japan, so that if silver should rise materially in price it would encounter the bulwark of the great mass of silver in circulation in India before it would be able to go higher than the Philippine ratio.

In order to obviate the handling of money, certificates of deposit were authorized against the new silver coins, which were at first limited in denominations to one, two, and five pesos. Subsequently larger denominations were authorized up to 500 pesos, and in 1906 a further change was made—partly due to the rise in silver—by which gold might be held against the certificates to the amount of 60 per cent, of the total metallic fund. This required a change in the language of the certificates. The popularity of this paper circulation is attested by the fact that during the fiscal year 1907 certificates were shipped from the Bureau of Engraving and Printing to the amount of 27,000,000 pesos, and most of them were promptly demanded in circulation. The total silver coinage up to this time was about 40,000,000 pesos.

No general banking law was adopted by the American Government for the Philippines, except some provisions for inspection and reports, down to the summer of 1907. At that time a comprehensive revision was made of the statutes of the Spanish-Filipino Bank which put an end to some vexatious controversies as to the legal relations between the bank and the new government. As the bank was largely owned by the Roman Catholic Church, it was possible to combine an adjustment of the privileges of the bank with a settlement of title to certain lands and estates in Manila used for charitable purposes. The charter of the bank was extended to January 1, 1928, and its notes were made legal tender for public dues so long as they were redeemed in full in lawful money of the Islands. The bank renounced its claim to an exclusive privilege of note issue, and its issues were limited for the time being to 2,400,000 pesos (\$1,200,-

¹ For weight and fineness of the new coins in grains, see *Finance 1907*, 250.